

## ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

Daniel A. Childs, Jr.  
Comptroller

EXTENSION

NO.

DATE

COMPT 86-1794

STAT

TO: (Officer designation, room number, and building)

DATE

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OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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2. ADDA

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COMPT 86-1794

10 DEC 1986

MEMORANDUM FOR: ✓Deputy Director for Administration  
Deputy Director for Intelligence  
Deputy Director for Operations  
Deputy Director for Science and Technology  
Administrative Officer, DCI Area

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FROM:  
Executive Director

SUBJECT: Perspectives and Guidance for 1989-90

1. Following a period of substantial growth in the early 1980s, Agency managers have faced constrained resources in both FY 1986 and FY 1987. Congressional decisions, including Gramm-Rudman-Hollings legislation, resulted in a 1986 budget that was only 2.6 percent higher than our 1985 program--an increase lower than the rate of inflation. In 1987 our program will decline by 2.3 percent. In the coming years I expect that congressional concerns about the size of the overall federal budget deficit will again result in little, if any, growth in the CIA program. Such an outlook dictates that we use our resources wisely. This memorandum highlights some of the issues that you should consider in constructing your 1989-90 program. 

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2. At our planning conference in October, we agreed that we will continue to use the priority areas we identified earlier--modified slightly--as the blueprint for constructing the 1989-90 program. We also agreed that in some of the priority areas our future investment should be constrained while in others we will need to ensure that modest growth is provided. As a first step in formulating your program, you should reexamine 1989 initiatives that you included as part of the 1988-89 program to see if they should be resubmitted in their present form, redesigned to be more in line with our current resource environment, or dropped entirely. Next, you should address truly new items that you want to table in 1989-90. All of your proposals for 1989-90 should take into account the following comments on our priority areas:

- Improve security for our people and operations. Although we have increased resources in this area in 1987 and 1988, all directorates proposed greater efforts in the coming years. We continue to face important challenges in this area. On the other hand, we have achieved a much more thoughtful program, and we are devoting a significantly larger proportion of our resources to these challenges. In general, I believe that further growth in investments here should be very measured. We should concentrate on analysis of US vulnerabilities to new hostile collection systems, establishing additional specialized counterintelligence units in areas where Soviet and Bloc officials are active, providing better operational security with the help of technology, and instituting better defensive counterintelligence measures.

  
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- Develop and implement a comprehensive counterterrorism program to reflect a serious Agency commitment toward solving this problem. We already have underway a number of collection and R&D programs that will strengthen our capabilities in this area. Major progress has been made; future growth in our resource commitment to this important area will necessarily be much more modest than occurred in 1986-88.
- Provide communications and ADP systems able to meet priority processing requirements on a sustained basis. Although we have several programs underway, improvements in this area are essential for meeting the challenges of the coming decade. The continuing information explosion requires investments to provide the mass storage and fast retrieval needed to assist analysts, collectors, and support personnel.

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- Provide adequate facilities to house our workforce and equipment. Several initiatives--New Headquarters Building Support, [redacted] the new computer facility, the unclassified printing plant, and the OTE expansion--already planned in 1988-89 address this priority area. Our congressional reviewers are somewhat skeptical of our need for these improvements. We will obviously support initiatives planned to date, but we will be very circumspect about supporting any additional effort during the planning period.
- Invest in critical new technologies needed for the future analytic, operational, and collection environment. We have a number of programs already in train in this area. Nonetheless, we need to be alert for other ideas that will help us to do our job better, [redacted]

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- Enhance our ability to electrically disseminate our product and interact with our customers. The DI has three initiatives already scheduled to begin in 1989--Electronic Dissemination, Production in an Advanced Systems Environment, and Laserfax Replacement. It should explore ways to smooth the profile of the Electronic Dissemination program so that it does not triple in 1990.

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- Improve our ability to recruit, train, and compensate our employees so that we can retain a highly skilled, motivated workforce to meet the challenges of the 1990s. This priority, added as a result of discussions at the October meeting of the Executive Committee, addresses several of the issues that are part of the new compensation program policy now being structured in response to a DCI mandate. Modest requests in support of this program will be welcome. We will also back sensible proposals intended to improve our ability to identify and recruit staff employees. [ ]

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3. The base program. In recent months we have had several discussions about the size of our base program. In the 1988-89 program it will consume about 75 percent of our resources; in 1984 it used roughly 65 percent. All of us are concerned that growth in the base will preclude us from undertaking new activities that will prepare the Agency to deal with the challenges of the 1990s. Responding to these concerns, we cut the 1988 base by [ ] and the 1989 base by [ ] during this year's program review. Members of the Executive Committee have said that they use base resources to begin new efforts. Unfortunately, these shifts are not well documented, and we have been unable to make a convincing case about the size of our base program to either the DCI or to congressional reviewers. As part of the formulation of our 1989-90 program, you and your managers should be prepared to discuss the changes you have made or are planning to make with base resources. [ ]

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4. Growth in the Workforce. Each year the directorates request additional positions to address important issues and strengthen our efforts in key areas. All agreed this was essential as we were trying to recover from the personnel downturn in the late 1970s. Such increases also, however, lead to greater costs for central services, including space. At the Executive Committee meeting last June, we agreed that, except in exceptional circumstances, the Agency workforce will not grow beyond the 1989 level and that we will accommodate future personnel requirements within that ceiling. I recognize that new demands for positions will occur. I urge that before you request new positions, you examine these requirements carefully to see if positions can be shifted from other areas within your directorate. Overall, our personnel strength has grown by [ ] percent over the period 1979-88. Most new requirements should be able to be accommodated within this very much larger overall program. [ ]

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5. My goal is to construct a balanced program for 1989-90. In this period of tight resources, we will have to weigh the merits of investment among the priority areas, keeping in mind the need to prepare for the challenges of the coming decade. I urge you to review carefully the proposals made by your program managers for 1989-90 to ensure that they are in accord with the priority areas and reflect measured growth required in a restricted resource environment. [ ]

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